

**Department of Health & Human Services
Health Care Financing Administration
Operational Policy Letter #104
OPL99.104**

Date: October 25, 1999

Subject: Questions and Answers Regarding Transition from Section 1876 Risk to Medicare+Choice (M+C) Enrollment and Disenrollment Policies

Effective Date: January 1, 2000¹

NOTE:

This OPL replaces OPL99.083 dated February 26, 1999. This new OPL reflects a modification to the M+C nonpayment of premiums policy. This policy is outlined in detail in section 5.3.1 of OPL 99.100. The policy now clarifies that members of M+C plans who do not pay their premiums after the 90-day grace period may have their memberships downgraded to any benefit option within the same M+C plan, and not to just a zero-premium option within the same plan. In addition, the policy no longer requires that the member provide written consent for the downgrade, but does require that the Medicare+Choice organization (M+CO) follow appropriate advance notification procedures before a downgrade may occur (as outlined in section 5.3.1 of OPL 99.100). These changes have been made to ensure beneficiaries have a wider range of options to remain in a M+CO if they do not want to return to Medicare fee-for-service.

SUMMARY:

As section 1876 risk plans fully transition to M+C plans, some adjustment in enrollment and disenrollment policies is necessary to accommodate the transition from section 1876 rules to M+C rules. Some of these transitional policies are covered in other OPLs, namely OPL98.073 (notification to Part B-only grandfathered members) and OPL98.074 (effective dates). This OPL responds to questions regarding transitional policies for

¹Applies only to statement under Disenrollment for Nonpayment of Premiums, ``M+C Rules: Refer to the policies and procedures outlined in section 5.3.1 of OPL99.100.'' The remainder of this OPL went into effect on February 26, 1999, when OPL 99.83 was released.

disenrollment for nonpayment of premiums and disenrollment after a member leaves the service area.

The information contained in this OPL is based on the requirements outlined in the M+C Interim Final Rule (IFC) published in the Federal Register on June 26, 1998. Any changes in requirements that may result from public comments received on the IFC will be outlined in the Final Rule (to be published by HCFA later this year) and may result in additional clarification in another OPL as necessary.

POLICY:

Disenrollment for Nonpayment of Premiums

Prior (section 1876) Rules: A risk plan may automatically downgrade membership due to nonpayment of required premiums, other charges imposed for Medicare deductible and coinsurance amounts, or other charges for mandatory supplemental benefits for which the member is liable. The plan may also disenroll the member for these reasons after proper advance notification (42 CFR 417.460(c) and HMO/CMP manual section 2004.2).

M+C Rules: Refer to the policies and procedures outlined in section 5.3.1 of OPL99.100.

Transitional Rules: An organization must follow section 1876 rules with respect to any premiums that were delinquent on or before December 31, 1998. Any premium that is considered by the M+CO to be delinquent on or after January 1, 1999 must be handled according to M+C rules (additional direction regarding M+CO procedures for nonpayment of premiums will be provided in a separate OPL).

Disenrollment When a Member Temporarily Leaves the Service Area

(Note: instructions on M+CO disenrollment procedures for permanent moves and procedures when a member moves into a continuation area will be provided in a separate OPL).

Prior (section 1876) Rules: A plan must disenroll members whom permanently move out of the service area. A plan must also disenroll a member who leaves the service area for more than 90 days unless a visitor's program is in place. If a plan has a visitor's program, the member must be disenrolled after being out of the service area for over 12 months (42 CFR 417.460(f) and OPL96.042).

M+C Rules: As with section 1876 rules, a M+CO must disenroll members who permanently move out of the service area, unless a member moves into and chooses a continuation of enrollment (42 CFR 422.74(b)(2)(i), 422.74(d)(4)(i), and 422.54). A

M+CO must also disenroll members who leave the service area for over 12 months (42 CFR 422.74(d)(4)(i) and OPL98.076), with the exception of those members living out of the service area who were grandfathered into the plan on January 1, 1999.

Transitional Rules: M+COs may follow one of the two options outlined below for any member who left the plan's service area on or prior to December 31, 1998. M+COs must follow M+C disenrollment rules and may not follow section 1876 rules with respect to any member who leaves the plan's service area on or after January 1, 1999.

(NOTE: additional instructions on M+CO disenrollment procedures for permanent and temporary moves will be provided in a separate OPL).

M+COs must choose only one option and apply it consistently with all members:

1. Follow section 1876 rules; or,
2. Begin following M+C rules, i.e., disenroll the member from the M+C plan after 12 months have passed. In this case, the 12 months will begin the month in which the member initially left the service area (in 1998).

CONTACT: HCFA Regional Office Managed Care Staff.

EXPIRATION DATE: July 1, 2000

This OPL was prepared by the Center for Beneficiary Services.